

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 SS-15 STR-07 CEA-01 L-03 PA-01
/115 W

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R 031430Z APR 78

FM AMEMBASSY LOME

TO SECSTATE WASHDC 3872

INFO AMEMBASSY JIDDA

AMEMBASSY PARIS

C O N F I D E N T I A L L O M E 1055

EO 11652: GDS

TAGS: EAID SA TO

SUBJ: SAUDIS REPORTEDLY PREPARED TO MAKE 500 MILLION DOLLAR
LOAN TO GOT

1. ACCORDING TO TOGOLESE BUSINESSMAN JOSEPH SODATOUNOU,
FRENCH FINANCIER ROGER SIEAUX IS ACTING AS GO-BETWEEN IN
NEGOTIATION 500 MILLION DOLLAR SAUDI ARABIAN LOAN TO TOGO.
SODATOUNOU SAYS HE VISITED PARIS IN FEBRUARY TO MEET WITH
SIEAUX AND REPRESENTATIVE PRINCE FAHD. SIEAUX THEN CAME
TO TOGO IN LATE MARCH TO MEET PRESIDENT EYADEMA AND DIS-
CUSS TERMS OF LOAN. TERMS CONCESSIONAL: REPORTEDLY FOUR
PER CENT AT TWENTY YEARS. STIPULATION WAS MADE, HOWEVER,
THAT LOAN BE GUARANTEED BY CENTRAL BANK (IE CFA-ZONE
BANQUE CENTRALE DES STATS DE L'AFRIQUE DE L'OUEST--BCEAO).

2. TOGOLESE DEMURRED. OWING THEIR PRESENT HARD-
PRESSED CASH FLOW POSITION, GOT FORESAW CONSIDERABLE
DIFFICULTY IN OBTAINING BCEAO CONSENT. GOT OFFERED INSTEAD
TO HAVE ITS SOCIETE NATIONAL D'INVESTISSEMENT BACK LOAN.
SIEAUX TOOK THIS PROPOSAL BACK TO HIS PRINCIPALS AND
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IS SUPPOSED TO RETURN TO TOGO ON APRIL 15 WITH RESPONSE.

3. SODATOUNOU REPORTS THAT CONTACT WITH SIEAUX CAME
ABOUT AS RESULT NEED TO SEARCH FOR SHORT-TERM FUNDS TO
FINANCE \$300,000 FEASIBILITY STUDY FOR SUGAR PRODUCTION
AND REFINING PROJECT PROPOSED BY AMERICAN RICHARD
CROCCO AND HIS INVESTMENT PLANNING ASSOCIATES COMPANY

OF BATON ROUGE, LOUISIANA. CROCCO PROJECT BUDGETED AT \$130 MILLION; ULTIMATE MARKET FOR PRODUCT WOULD BE US.

4. LOCAL BANK, BTCL, WHICH AFFILIATED WITH BANK OF AMERICA, REFUSED TO GUARANTEE LOAN UNLESS IT GOT SPECIFIC REPAYMENT TERMS FROM GOT. LATTER'S CASH FLOW PROBLEMS REPORTEDLY SO ACUTE IT UNABLE TO PROVIDE ADEQUATELY CONVINCING TERMS.

5. ASKED WHAT SAUDI INTEREST WOULD BE IN BANKROLLING TOGO, SODATOUNOU SAID INTEREST WAS MAINLY RELIGIOUS (IE, TO CREATE ATMOSPHERE FOR GROWTH OF ISLAM). HE SAID AS FAR AS HE HAD BEEN ABLE TO DETERMINE SAUDIS HAD NOT BEEN INTERESTED IN TOGO AT ALL UNTIL APPROACHED. IN FACT, SAUDIS HAD INTENDED TO PROVIDE LARGE SUM OF MONEY TO BENIN, WHICH HAS SIGNIFICANT POPULATION OF MUSLIMS, BUT HAD BEEN PUT OFF BY UNSTABLE AND LEFTIST NATURE OF BENIN REGIME, SO SODATOUNOU BELIEVES POSSIBLE LOAN MAY TURN OUT TO BE SERENDIPITOUS. SODATOUNOU SAYS SIMILAR LOANS MADE TO SENEGAL, IVORY COAST AND GUINEA. PALMER

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